

457 Deferred Compensation Plan
Arnerich, Massena & Associates, Inc. Investment Option Annual Review
Employee Investment Advisory Council Recommendations - March 21, 2007

Retain Recommendations				
Fund Name Class & Category Current Status	Assets and Participation 12/31/06	Arnerich Recommendation	EIAC Recommendation	Rationale or Comment
Stable Value Fund	160,660,639 58%; pps = 6092 12/31/05: 151,269,212 60%; pps = 3,453	Retain	Retain	
PIMCO Total Return Admiral Shares	1,974,664 0.71%; pps = 555	Retain	Retain	
Intermediate Bond Fund	12/31/05: 2,052,362 0.82%; pps = 326			
Dodge & Cox Balanced	17,330,215 6%; pps = 2,265	Retain	Retain	
Domestic Balanced	12/31/05: 14,594,591 5.82%; pps = 1,425			
Davis NY Venture	13,747,859 5%; pps = 1,660	Retain	Retain	The Davis New York Venture fund tends to not be a pure value fund as it has blend components. The fund has low turnover and maintains a long term buy & hold strategy.
Large Cap Value	12/31/05: 11,815,974 4.71%; pps = 1,035			
Fidelity Contrafund	17,457,415 6%; pps = 1,863	Retain	Retain	
Large Cap Growth/Blend	12/31/05: 15,542,862 6.20%; pps = 1,070			
Vanguard Institutional Index	13,222,777 5%; pps = 1,557	Retain	Retain	
Large Cap Blend	12/31/05: 11,729,119 4.68%; pps = 943			
Calvert Social Investment Equity A	625,874 0.22%; pps = 213	Retain	Retain	The Calvert Social Investment fund's performance lagged slightly on the short-end but meets the 3 & 5 year performance, peer group rankings & Sharpe Ratio. The fund tends to "growth" when most socially responsible funds tend to be more "blend".
Large Cap Growth Socially Responsible	12/31/05: 408,396 0.16%; pps = 124			

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Hotchkis & Wiley Mid Cap Value	4,982,703 2%; pps = 897 12/31/05: 3,638,336 1.45%; pps = 523	Retain	Retain	
Munder Mid Cap Core Growth Mid Cap Growth	3,150,861 1%; pps = 931 Added 2006 Replaced Artisan Mid- Cap Growth	Retain	Retain	
Neuberger Berman Genesis Trust Mid/Small Cap Growth	6,242,650 2%; pps = 1,058 12/31/05: 7,991,615 3.19%; pps = 801	Retain	Retain	The Neuberger Berman Genesis Trust has had a colorful history. Its original "slot" was small cap value. It migrated to a small cap growth and mid cap orientation. Currently it contains about 65% mid-cap holdings and 35% small cap holdings. Due to its style shift, it underperformed its (original) peer and subsequently was on probation in 2004 and 2005. In 2006, the Board modified its slot (although the industry did not) and retained it – due to its overall good performance and high participant use.
Vanguard Small Cap Index Small Cap Blend	488,345 0.17%; pps = 85 Added in 2006	Retain	Retain	
Munder Small Cap Value Small Cap Value	1,349,938 0.48%; pps = 313 12/31/2005: 299,041 0.12%; pps = 58	Retain	Retain	
Managers AMG Essex Small/Micro Cap Growth Small Cap Growth	1,800,439 0.65%; pps = 730 Added in 2006 Replaced RS Diversified Growth	Retain	Retain	
American Funds New Perspective World Stock	7,542,231 3%; pps = 1424 12/31/05: 6,128,643 2.44%; pps = 868	Retain	Retain	

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Mutual Discovery Z World Stock	8,908,990 3%; pps = 1220 12/31/05: 6,645,539 2.65%; pps = 761	Retain	Retain	
Dodge & Cox International Stock International Value	4,629,118 2%; pps = 605 Added in 2006 Replaced Templeton Foreign Fund	Retain	Retain	
Artisan International International Blend	3,603,119 1%; pps = 699 12/31/05: 2,117,256 0.84%; pps = 338	Retain	Retain	The Artisan International Fund was added in 2002, the consultant recommended probation in 2006. EIAC and the Board did not concur due to discrepancies or other questions relative to the historical data when it was originally added. The benchmarks encompass a 3, 5 & 10 year period.
“Other” Recommendations				
Neuberger Berman High Income Investor High Yield Bond Current Status: Probation	425,351 0.15%; pps = 216 12/31/05: 395,086 0.16%; pps = 81 Added in 2005	Retain on Probation	Retain on Probation EIAC vote: unanimous	The Neuberger Berman High Income Investor was added in 2005 to replace the Columbia High Yield bond fund. The fund is underperforming to its peer group again this year for the same reasons as last year. It is assuming less risk than its peers and the index. The fund tends to focus on the higher-quality range of below-investment grade bonds and has a lower than index duration. This style should be effective when spreads broaden.
TCW Galileo Select Equities Large Cap Growth	1,292,718 0.46%; pps = 334 12/31/05: 1,852,747 0.74%; pps = 263 Added in 2002	Original: Place on Probation Second: Terminate & Map to the Fidelity Contrafund	Terminate & Map EIAC vote: unanimous	Last year, the TCW Galileo Select had manager/staff re-assignment/the senior manager moved to another position in the company & the fund analysts became the portfolio managers. Last year, it was thought that the change could be watched, but did not warrant action. The fund has a concentrated portfolio of 28 stocks; the new management is not changing which will likely result in a “roller-coaster ride” for participants. It is redundant or similar to the Fidelity Contrafund (large cap growth).

Possible Board Motions:

Option A: I move we accept and approve the above EIAC recommendations (maintain the Neuberger Berman High Income Investor on probation and terminate the TCW Galileo Select Equities and map to the Fidelity Contrafund for the 457 Deferred Compensation Plan.

Option B: Board pleasure (define which recommendations to accept and approve).

Moved by: _____

Seconded by: _____

Vote: _____

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